

Chief, Current Support Staff, ORR

27 September 1956

Attn: [REDACTED]

TREU : Chief, Industrial Division, ORR  
Chief, Consumer Industries Branch

25X1A

Forwarding of Project 30.1630, Consumption in the Sixth Five Year Plan.

CI's draft of the subject project is attached. The paper has been coordinated with A/AG and S/CST.

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DBS:eed

Soviet Household Consumption  
Under the Sixth Five Year Plan\*

The 1960 Soviet goal for household consumption implied by the Sixth Five Year Plan calls for a <sup>large</sup> ~~great~~ increase in per capita consumption ~~exceeding the~~  
~~expected increase in investment for the whole of the economy during the period~~  
*which is more than 40 percent greater than*  
~~and more than doubling~~ the increase in consumption attained under the Fifth Five Year Plan. The large amount of the increase is primarily <sup>an ambitious</sup> the result of ~~a~~ plan  
<sup>to increase</sup>  
~~to nearly double~~ food production ~~to a plan~~ which has little chance of fulfillment.

CIA expects an increase in per capita household consumption under the Sixth Five Year Plan which is somewhat less than the increase attained under the Fifth Five Year Plan. Averaging 4.6 percent per year, the increase expected by CIA represents a continuation of, rather than a departure from, the trend of household consumption since the end of World War II. Between 1948 and 1955 Soviet per capita household consumption increased at the rate of 5.2 percent per year, regaining in 1949 the prewar level. ~~This contrasts sharply with the rate of~~  
~~increase of one half of one percent prevailing in the USSR between 1928 and the~~  
~~beginning of World War II and amounts to two and one half times the rate of~~  
~~increase in the US between 1949 and 1955.~~

Food Consumption

The quality and composition of the monotonous, low-protein diet of the Soviet population is ~~not~~ <sup>some what</sup> expected to be improved ~~substantially~~ under the Sixth Five Year Plan. <sup>The index of</sup> ~~per capita~~ food consumption in the USSR <sup>based on price weights,</sup> is expected, within the

\* The agricultural estimates included are those prepared in January 1956 for NIS 11-1-56

next five years, to rise well above the previous Soviet peak of 1928. This is contrasted with the other components of Soviet consumption which by 1950 had exceeded their prewar highs.

#### Nonfood Consumer Goods

The planned increase in nonfood consumer goods is modest, falling considerably below the increase attained during the Fifth Five Year Plan. Emphasis on the production of consumer durable goods such as washing machines and refrigerators which began with the consumer goods program of 1953-4 is continued under the Sixth Five Year Plan. The large percentage increases in production planned for these goods reflect, however, the low levels of present output.

Because of the importance of agricultural raw materials in the production of nonfood consumer goods — <sup>the bulk of</sup> ~~about 80 percent~~ nonfood consumption consists of products processed from agricultural raw materials — fulfillment of the nonfood goal as well as that for food is heavily dependent on the achievement of a fair measure of success in the agricultural program. Although planned increases are more than adequate, actual increases expected in the production of agricultural raw materials required in the production of nonfood consumer goods may not be sufficient to make possible fulfillment of the goals for nonfood consumer goods.

This possibility is clearly recognized by the Soviet planners. Despite the statement of Kosygin to the Twentieth Party Congress that "the availability of agricultural raw materials is beginning to run ahead of industrial capacity for their processing," the investment program under the Sixth Five Year Plan places greater stress on the expansion of agriculture than on the expansion of light

and food industry.

### Consumer Housing

Construction of ~~consumer~~ <sup>state</sup> housing planned under the Sixth Five Year Plan is almost double that attained under the Fifth Five Year Plan. Because of the extreme shortage of adequate housing in the USSR, the increased availability of housing is one of the features of the Sixth Five Year Plan most important to consumer morale. Failure in fulfilling the five year housing plan because of a possible growing conflict of priorities between consumer housing and industrial construction is suggested by performance during the first half of 1956. Despite a modest goal, construction schedules for consumer housing were not met during the first six months of 1956. Stresses created by underfulfillment of the plan for industrial construction during this period, attributable in part to lagging production of building materials, may have been responsible for this failure.

### Consumer Morale

There is little evidence of serious, widespread consumer dissatisfaction with the existing level of consumption in the USSR despite its meagerness in comparison with Western levels. This toleration of conditions probably is the result of the postwar increases in the Soviet consumption level. The increase in the Soviet level of consumption expected under the Sixth Five Year Plan will do little to reduce the disparity between Soviet and US consumption levels but it represents a continuation of the postwar increases and probably will not cause continuous disaffection with the present Soviet regime.

*Handwritten notes:*  
 Reference: ...  
 There is ...  
 which seem to have little ...  
 the improvement at home is easily noted - as the Soviet ...  
 can be estimated to assure.

C-O-N-F-I-D-E-N-T-I-A-L

CENTRAL INTELLIGENCE AGENCY  
Office of the Chief, Economic Research  
Office of Research and Reports

Project Action Memorandum

Project No. 30.1630  
Date: 21 August 1956

TITLE: Consumption in the 6th Five Year Plan

REQUESTER: OCI

STATEMENT OF THE PROBLEM AND TERMS OF REFERENCE:

Problem: To prepare a Current Intelligence Weekly Review article describing Soviet plans for consumption between 1956 and 1960. The article is to be designed for the non-economist and non-Soviet specialist.

Terms of Reference: Maximum use will be made of graphics. All material classified higher than Secret is to be so annotated. The project has been orally discussed with the chief analyst. I/CI has discussed the S/CST contribution with that branch.

RESPONSIBILITY:

		<u>Man-hours</u>	<u>Due Dates</u>	<u>Concurrence (Initials)</u>
<u>Action Division:</u>	D/I		24 Sep 56	
<u>Branch:</u>	I/CI	50		<i>[Signature]</i>
<u>Contributing Division:</u>	D/S		17 Sep 56	
<u>Branch:</u>	S/CST	16		<i>[Signature]</i>
<u>Consulting Branch:</u>	M/AG			
<u>Staffs:</u>	CSS			<i>[Signature]</i>
	St/PR	25X1A		<i>[Signature]</i>
<u>Principal Analyst:</u>	[Redacted]	x 8377		
<u>Project Monitor:</u>	[Redacted]	x 4555		

This project will not delay completion of currently scheduled projects.

APPROVED *Rsm* Ch/E

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